

By Senator Haridopolos

26-01823A-10

20102622

1 A bill to be entitled
2 An act relating to the regulation of state lands and
3 oil and gas resources; amending s. 253.52, F.S.;
4 providing for the Board of Trustees of the Internal
5 Improvement Trust Fund to accept and award bids for
6 oil and gas leases on submerged lands underlying the
7 territorial waters of the state; providing
8 requirements and procedures for submitting, reviewing,
9 and awarding such bids; providing for a nonrefundable
10 bid submittal fee; providing for easements over
11 sovereign submerged lands for the construction,
12 installation, and maintenance of structures relating
13 to the production of oil, gas, or other petroleum
14 products; providing a fee for such easements;
15 requiring certain notice; providing bidder eligibility
16 criteria relating to location; providing location
17 restrictions on the refining and retail sale of oil
18 and gas extracted pursuant to such leases; amending s.
19 253.571, F.S.; providing requirements for proof of
20 financial responsibility by a lessee prior to the
21 commencement of drilling on submerged lands underlying
22 the territorial waters of the state; providing a
23 limitation; creating s. 253.585, F.S.; providing for
24 the distribution of royalties, cash considerations,
25 annual rentals, or payments in lieu of royalties
26 collected for oil and gas leases on submerged lands
27 within the territorial waters of the state; providing
28 for distribution of other state income from offshore
29 oil and natural gas activities; providing limitations

26-01823A-10

20102622

30 on activities in military range and activity zones;
31 requiring each proposal to be presented with a
32 specified study; providing for rulemaking; amending s.
33 253.61, F.S.; providing an exemption from land-leasing
34 restrictions for leases on submerged lands within the
35 territorial waters of the state; deleting a provision
36 prohibiting leasing of specified lands; amending s.
37 377.24, F.S.; providing an exemption from permit
38 restrictions relating to drilling gas or oil wells for
39 leases on submerged lands within the territorial
40 waters of the state; deleting a provision prohibiting
41 drilling in specified waters; amending s. 377.242,
42 F.S.; deleting a provision prohibiting the
43 construction of specified structures; providing
44 exemptions from restrictions relating to the
45 permitting or construction of structures intended for
46 the drilling for or production of oil, gas, or other
47 petroleum products; amending s. 377.2425, F.S.;

48 revising applicability provisions relating to surety
49 for geophysical exploration, drilling, and production;
50 exempting applicants for drilling or operating permits
51 for operations planned in coastal waters; providing an
52 effective date.

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54 Be It Enacted by the Legislature of the State of Florida:

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56 Section 1. Section 253.52, Florida Statutes, is amended to
57 read:

58 253.52 Placing oil and gas leases on market by board.—

26-01823A-10

20102622

59 (1) Whenever in the opinion of the Board of Trustees of the
60 Internal Improvement Trust Fund there shall be a demand for the
61 purchase of oil and gas leases on any area, tract, or parcel of
62 the land so owned, controlled, or managed, by any state board,
63 department, or agency, then the board shall place such oil and
64 gas lease or leases on the market in such blocks, tracts, or
65 parcels as it may designate. The lease or leases shall only be
66 made after notice by publication thereof has been made not less
67 than once a week for 4 consecutive weeks in a newspaper of
68 general circulation published in Leon County, and in a similar
69 newspaper for a similar period of time published in the vicinity
70 of the lands offered to be leased, the last publication in both
71 newspapers to be not less than 5 days in advance of the sale
72 date. Such notice shall be to the effect that a lease or leases
73 will be offered for sale at such date and time as may be named
74 in said notice and shall describe the land upon which such
75 lease, or leases, will be offered. This notice may be combined
76 with the notice required pursuant to s. 253.115. Before any
77 lease of any block, tract, or parcel of land, submerged, or
78 unsubmerged, within a radius of 3 miles of the boundaries of any
79 incorporated city, or town, or within such radius of any bathing
80 beach, or beaches, outside thereof, such board, department, or
81 agency, shall through one or more of its members hold a public
82 hearing, after notice thereof by publication once in a newspaper
83 of general circulation published at least 1 week prior to said
84 hearing in the vicinity of the land, or lands, offered to be
85 leased, of the offer to lease the same, calling upon all
86 interested persons to attend said hearing where they would be
87 given the opportunity to be heard, all of which shall be

26-01823A-10

20102622

88 considered by the board prior to the execution of any lease or
89 leases to said land, and the board may withdraw said land, or
90 any part thereof, from the market, and refuse to execute such
91 lease or leases if after such hearing, or otherwise, it
92 considers such execution contrary to the public welfare. Before
93 advertising any land for lease the form of the lease or leases
94 to be offered for sale, not inconsistent with law, or the
95 provisions of this section, shall be prescribed by the board and
96 a copy, or copies, thereof, shall be available to the general
97 public at the office of the Board of Trustees of the Internal
98 Improvement Trust Fund and the advertisements of such sale shall
99 so state.

100 (2) (a) Notwithstanding subsection (1), the Board of
101 Trustees of the Internal Improvement Trust Fund shall accept a
102 nomination on or before September 1 of each year from a bidder
103 or bidders for the purchase, in such blocks, tracts, or parcels
104 as the bidder may designate, of oil and gas leases on any area,
105 tract, or parcel of submerged land underlying the territorial
106 waters of the state, as defined in the Submerged Lands Act, 43
107 U.S.C. ss. 1301-1315, so owned, controlled, or managed by any
108 state board, department, or agency.

109 (b) Within 14 days after receipt of a bid, the board shall
110 give notice of same by publication in the Florida Administrative
111 Weekly and in a newspaper of general circulation published in
112 the vicinity of the proposed lease or leases. The publication
113 may not include any reference to proprietary trade secrets or
114 confidential or economic business information provided by the
115 original bidder.

116 (c) The notice requirements under paragraph (b) shall apply

26-01823A-10

20102622

117 in lieu of the requirements under subsection (1) and s. 253.115
118 for a nomination for the purchase of an oil and gas lease
119 pursuant to this subsection.

120 (d) Other interested parties shall have 90 days after the
121 date of publication of the notice to submit a competing bid for
122 the same blocks, tracts, or parcels as were designated in the
123 original bid and published in the notice. The bid period shall
124 close on the 90th day.

125 (e) The board shall have no more than 30 days from the date
126 the bid period closes to review all bids and determine whether
127 or not each bid contains all of the information required under
128 subsection (4). Any bid determined to not contain all of the
129 information required under subsection (4) shall be returned to
130 the bidder and may not be further considered.

131 (f) Following a determination that a bid or bids contain
132 all of the information required under subsection (4), the board
133 shall select the highest and best of such bids within 30 days,
134 provided that if, in the reasonable judgment of the board, the
135 bids submitted do not represent the reasonable fair value of
136 such lease or leases, the execution of same is reasonably
137 determined to be contrary to the public welfare, or, if the
138 responsibility of the bidder offering the highest amount has not
139 reasonably been established to the board's satisfaction, the
140 board may in its discretion reject the bids. All information
141 included in all bids not selected by the board shall be returned
142 to the bidder, including all checks or other financial
143 assurances, except for the \$1 million nonrefundable bid
144 submittal fee.

145 (g) The board shall have no more than 90 days to negotiate

26-01823A-10

20102622

146 any outstanding matters, including, but not limited to, definite
147 rental payments or payments that may be made in lieu of royalty,
148 with the winning bidder and award the lease or leases.

149 Affirmative action by the board to approve any such lease shall
150 require the approval of the Governor and at least two other
151 members of the board.

152 (3) To the extent that any provision of the sealed bid
153 requirements pursuant to s. 253.53 and the competitive bidding
154 process pursuant to s. 253.54 may be in conflict with the
155 nomination process provided under subsection (2), subsection (2)
156 shall control the nomination for and the award of the purchase,
157 in such blocks, tracts, or parcels as may be designated, of an
158 oil and gas lease or leases on any area, tract, or parcel of
159 submerged land underlying the territorial waters of the state.

160 (4) All bids submitted to the board for lands identified
161 under subsection (2) shall include the following:

162 (a) A nonrefundable bid submittal fee of \$1 million in
163 addition to and separate from any cash consideration that may be
164 provided as part of the bid;

165 (b) Documentation stating that all equipment or structures
166 above the surface of the water and related to the development
167 and production of oil and gas within the territorial waters of
168 the state shall be situated no closer than 3 miles from the
169 coast as calculated from the line of mean high tide;

170 (c) A statement and map identifying the blocks, tracts, or
171 parcels, as designated for the oil and gas lease or leases, on
172 submerged land underlying the territorial waters of the state;

173 (d) A statement of a cash consideration; and

174 (e) A statement of a royalty, never less than one-eighth in

26-01823A-10

20102622

175 kind or in value; provided, however, that up-front payments in
176 lieu of royalties may be proposed and, if proposed, may reduce
177 the minimum one-eighth royalty.

178 (5) All bids shall be accompanied by a separate cashier's
179 check or certified check for the amount of the cash
180 consideration and application fee and shall be payable to the
181 state board, department, or agency that holds title to or
182 controls the land sought to be leased.

183 (6) For a bidder who obtains an oil and gas lease from a
184 bid pursuant to subsection (2) and fails to be issued a permit,
185 after a good faith effort to attain such a permit, for
186 geophysical operations, drilling, or exploring and extracting
187 through well holes or by other means pursuant to ss. 377.2408
188 and 377.242 within 24 months after receiving the lease, the
189 board shall refund the entire cash consideration with interest
190 paid pursuant to s. 55.03(1), using the per annum rate for the
191 year in which the bidder obtained the lease. The bidder may
192 extend this time period upon receiving a written request showing
193 good cause by the Department of Environmental Protection.

194 (7) If the board awards an oil and gas lease or leases
195 issued pursuant to subsection (2), the lessee shall be entitled
196 to obtain an easement or easements over sovereign submerged
197 lands for the construction, installation, and maintenance of any
198 pipeline or associated infrastructure that is an appurtenance to
199 the transportation of oil and gas from the leased submerged
200 lands to shore-based facilities. The fee for this easement shall
201 be based on a cost-per-linear-foot basis and may not exceed \$5
202 per linear foot. Notwithstanding s. 253.115, within 14 days
203 after receipt of an application for an easement or easements

26-01823A-10

20102622

204 pursuant to this subsection, the board shall require the
205 applicant for such easement or easements to give notice of the
206 filing of such application or applications by publication, one
207 time only, in a newspaper of general circulation published in
208 the vicinity of the proposed lease or leases.

209 (8) To be eligible to bid on any oil or gas leases offered
210 within the territorial waters of the state, bidders must have
211 corporate headquarters, including senior management personnel,
212 physically located within the continental United States. Any oil
213 or gas extracted pursuant to such leases must be refined and
214 sold at the retail level within the continental United States.

215 Section 2. Section 253.571, Florida Statutes, is amended to
216 read:

217 253.571 Proof of financial responsibility required of
218 lessee prior to commencement of drilling.-

219 (1) The Board of Trustees of the Internal Improvement Trust
220 Fund may require a surety or property bond, an irrevocable
221 letter of credit, or other proof of financial responsibility
222 from each lessee of public land or mineral interest prior to the
223 time such lessee mines, drills, or extracts in any manner,
224 petroleum, petroleum products, gas, sulphur, or any other
225 mineral from such land. The surety bond or irrevocable letter of
226 credit shall be from a surety company or bank authorized to do
227 business in the state. The surety bond, irrevocable letter of
228 credit, or other proof of financial responsibility shall serve
229 as security and is to be forfeited to the board to pay for any
230 damages caused by mining or drilling operations performed by the
231 lessee. In the case of operations planned in the waters of the
232 state or under other particular circumstances which, by their

26-01823A-10

20102622__

233 nature warrant greater security in view of possible damages, the
234 board shall give special consideration to the extent of such
235 possible damages and shall set the amount of an adequate and
236 sufficient surety bond, irrevocable letter of credit, or other
237 proof of financial responsibility accordingly. For the purposes
238 of this section, damages shall include, but not be limited to,
239 air, water, and ground pollution, destruction of wildlife or
240 marine productivity and any other damage which impairs the
241 health and general welfare of the citizens of the state. The
242 board shall require a lessee to provide proof of financial
243 responsibility only once, irrespective of the number of
244 different leases the lessee may have.

245 (2) A surety or property bond, an irrevocable letter of
246 credit, or other proof of financial responsibility from each
247 lessee of public land or mineral interest in submerged lands
248 underlying the territorial waters of the state, as defined in
249 the Submerged Lands Act, 43 U.S.C. ss. 1301-1315, shall not
250 exceed the lesser amount of either:

251 (a) Five hundred million dollars; or

252 (b) A calculated cost estimate for potential damages
253 related to, but not limited to, air, water, and ground
254 pollution, destruction of wildlife or marine productivity, and
255 any other damage that impairs the health and general welfare of
256 the citizens of the state, as based on reasonably foreseeable
257 accidents or occurrences associated with the particular oil and
258 gas development or production activity within the immediate area
259 of the oil and gas lease.

260 (3) A surety or property bond, an irrevocable letter of
261 credit, or other proof of financial responsibility issued under

26-01823A-10

20102622

262 subsection (2) shall be the only proof of financial
263 responsibility a lessee must provide in lieu of any other proof
264 of financial responsibility that may be required by any agency
265 for any permit or authorization that must be obtained in
266 connection with the development and production of oil and gas,
267 including, but not limited to, oil and gas transportation
268 infrastructure, such as pipelines, appurtenant to the leased
269 submerged lands.

270 Section 3. Section 253.585, Florida Statutes, is created to
271 read:

272 253.585 Distribution of royalties, cash considerations,
273 annual rentals, or payments in lieu of royalties collected for
274 oil and gas leases on submerged lands within the territorial
275 waters of the state.-

276 (1) Royalties, cash considerations, annual rentals, or
277 payments in lieu of royalties collected for oil and gas leases
278 on submerged lands within the territorial waters of the state
279 shall be appropriated for the following purposes:

280 (a) To fund a bond initiative to provide up to \$300 million
281 per year for the Florida Forever land acquisition program,
282 including up to an additional \$15 million for reasonable
283 management costs for the administration of such lands, to the
284 extent the Board of Trustees of the Internal Improvement Trust
285 Fund determines such management costs are necessary.

286 (b) To provide up to \$20 million per year for local
287 governments to support beach restoration and nourishment
288 projects.

289 (c) To provide up to \$20 million per year to be distributed
290 to coastal local governments within the county or counties

26-01823A-10

20102622__

291 within which the lease or leases are issued.

292 (2) After the distributions under subsection (1), the next
293 \$150 million from state income from offshore oil and natural gas
294 activities shall be equally distributed as follows:

295 (a) Up to \$25 million annually shall be appropriated to the
296 Florida Energy and Climate Commission to be used for
297 enhancements to the Solar Energy System Incentives Program.

298 (b) Up to \$25 million annually shall be appropriated to the
299 Board of Governors of the State University System to fund
300 research and development of technologies, systems, and processes
301 to solve the nation's dependency on foreign fossil fuels and
302 expand the use of alternative, biomass, and renewable
303 alternative fuels through a peer-reviewed grant process.

304 (c) Up to \$25 million annually shall be appropriated to the
305 Internal Improvement Trust Fund for enhanced funding of the
306 management of public lands and state parks or the funding of
307 beach nourishment, or both, as determined by the Board of
308 Trustees of the Internal Improvement Trust Fund.

309 (d) Up to \$25 million annually shall be appropriated to
310 fund environmental science programs in elementary and middle
311 schools in preparation for 10th grade and higher science testing
312 and for promoting science in high schools, to be spread
313 equitably between each school district.

314 (e) Up to \$25 million annually shall be appropriated in
315 equal amounts to establish hands-on oil and natural gas industry
316 training academies in 25 counties using current state-of-the-art
317 industry-provided materials, technological training, and
318 instructors. Up to \$15 million of the appropriation under this
319 paragraph shall be used to fund high school oil and natural gas

26-01823A-10

20102622

320 industry training academies. Up to \$10 million of the
321 appropriation under this paragraph shall be used to fund
322 community college oil and natural gas industry training
323 academies, spread as evenly as possible geographically across
324 the state.

325 (f) Up to \$25 million annually shall be appropriated to
326 veteran's programs to provide care and rehabilitation services
327 and educational opportunities for veterans and their dependents
328 who are residents of this state.

329 (g) Notwithstanding the limitations on the maximum amount
330 of tax credits available each year contained in s.
331 220.193(3)(c), and consistent with the other provisions in s.
332 220.193, up to \$10 million shall be appropriated annually to
333 fund the Florida Renewable Energy Production Credit through the
334 year 2020 to encourage the development and expansion of
335 facilities that produce renewable energy in this state.

336 (3) Where federally recognized military range and activity
337 zones exist, each submitted proposal shall allow temporary
338 geological or drilling and equipment activities, or both, above
339 and below the surface of the water in order to establish pump
340 sites only, after which, no above-surface permanent placement of
341 equipment other than safety marker buoys is allowed.

342 (4) Each submitted proposal shall be presented with a study
343 that draws from existing state-of-the-art technology to
344 demonstrate that exploration for oil and gas is feasible in the
345 intended permit area.

346 (5) The Division of State Lands in the Department of
347 Environmental Protection, as staff to the Board of Trustees of
348 the Internal Improvement Trust Fund, shall adopt rules as

26-01823A-10

20102622

349 necessary to administer this section.

350 Section 4. Paragraphs (b), (c), and (d) of subsection (1)
351 of section 253.61, Florida Statutes, are amended to read:

352 253.61 Lands not subject to lease.—

353 (1) Regardless of anything to the contrary contained in
354 this law in any previous section or part thereof, no board or
355 agency mentioned therein or the state shall have the power or
356 authority to sell, execute, or enter into any lease of the type
357 covered by this law relating to any of the following lands,
358 submerged or unsubmerged, except under the circumstances and
359 conditions as hereinafter set out in this section, to wit:

360 (b) No lease of the type covered by this law shall be
361 granted, sold or executed covering any such lands in the tidal
362 waters of the state, abutting on or immediately adjacent to the
363 corporate limits of a municipality or within 3 miles of such
364 corporate limits extending from the line of mean high tide into
365 such waters, unless the governing authority of the municipality
366 shall have first duly consented to the granting or sale of such
367 lease by resolution. This paragraph does not apply to leases on
368 submerged lands underlying the territorial waters of the state,
369 as defined in the Submerged Lands Act, 43 U.S.C. ss. 1301-1315,
370 where any structure or equipment above the surface of the water
371 is more than 3 miles from such corporate limits.

372 (c) No lease of the type covered by this law shall be
373 granted, sold or executed covering such lands on any improved
374 beach, located outside of an incorporated town or municipality,
375 or covering such lands in the tidal waters of the state abutting
376 on or immediately adjacent to any improved beach, or within 3
377 miles of an improved beach extending from the line of mean high

26-01823A-10

20102622

378 tide into such tidal waters, unless the county commissioners of
379 the county in which such beach is located shall have first duly
380 consented to the granting or sale of such lease by resolution.
381 This paragraph does not apply to leases on submerged lands
382 underlying the territorial waters of the state, as defined in
383 the Submerged Lands Act, 43 U.S.C. ss. 1301-1315, where any
384 structure or equipment above the surface of the water is more
385 than 3 miles from such improved beach.

386 ~~(d) Without exception, after July 1, 1989, no lease of the~~
387 ~~type covered by this law shall be granted, sold, or executed~~
388 ~~south of 26° north latitude off Florida's west coast and south~~
389 ~~of 27° north latitude off Florida's east coast, within the~~
390 ~~boundaries of Florida's territorial seas as defined in 43 U.S.C.~~
391 ~~1301. After July 31, 1990, no oil or natural gas lease shall be~~
392 ~~granted, sold, or executed covering lands located north of~~
393 ~~26°00'00" north latitude off Florida's west coast to the western~~
394 ~~boundary of the state bordering Alabama as set forth in s. 1,~~
395 ~~Art. II of the State Constitution, or located north of 27°00'00"~~
396 ~~north latitude off Florida's east coast to the northern boundary~~
397 ~~of the state bordering Georgia as set forth in s. 1, Art. II of~~
398 ~~the State Constitution, within the boundaries of Florida's~~
399 ~~territorial seas as defined in 43 U.S.C. 1301.~~

400 Section 5. Subsections (6), (7), and (9) of section 377.24,
401 Florida Statutes, are amended to read:

402 377.24 Notice of intention to drill well; permits;
403 abandoned wells and dry holes.—

404 (6) No permit to drill a gas or oil well shall be granted
405 at a location in the tidal waters of the state, abutting or
406 immediately adjacent to the corporate limits of a municipality

26-01823A-10

20102622

407 or within 3 miles of such corporate limits extending from the
408 line of mean high tide into such waters, unless the governing
409 authority of the municipality shall have first duly approved the
410 application for such permit by resolution. This subsection does
411 not apply to leases on submerged lands underlying the
412 territorial waters of the state, as defined in the Submerged
413 Lands Act, 43 U.S.C. ss. 1301-1315, where any structure or
414 equipment above the surface of the water is more than 3 miles
415 from such corporate limits.

416 (7) No permit to drill a gas or oil well shall be granted
417 on any improved beach, located outside of an incorporated town
418 or municipality, or at a location in the tidal waters of the
419 state abutting or immediately adjacent to an improved beach, or
420 within 3 miles of an improved beach extending from the line of
421 mean high tide into such tidal waters, unless the county
422 commissioners of the county in which such beach is located shall
423 have first duly approved the application for such permit by
424 resolution. This subsection does not apply to leases on
425 submerged lands underlying the territorial waters of the state,
426 as defined in the Submerged Lands Act, 43 U.S.C. ss. 1301-1315,
427 where any structure or equipment above the surface of the water
428 is more than 3 miles from such improved beach.

429 ~~(9) Without exception, after July 1, 1989, no permit to~~
430 ~~drill a well in search of oil or gas shall be granted south of~~
431 ~~26°00'00" north latitude off Florida's west coast and south of~~
432 ~~27°00'00" north latitude off Florida's east coast, within the~~
433 ~~boundaries of Florida's territorial seas as defined in 43 U.S.C.~~
434 ~~1301. After July 31, 1990, no permit to drill a well in search~~
435 ~~of oil or gas shall be granted north of 26°00'00" north latitude~~

26-01823A-10

20102622

436 ~~off Florida's west coast to the western boundary of the state~~
437 ~~bordering Alabama as set forth in s. 1, Art. II of the State~~
438 ~~Constitution, or located north of 27°00'00" north latitude off~~
439 ~~Florida's east coast to the northern boundary of the state~~
440 ~~bordering Georgia as set forth in s. 1, Art. II of the State~~
441 ~~Constitution, within the boundaries of Florida's territorial~~
442 ~~seas as defined in 43 U.S.C. 1301.~~

443 Section 6. Section 377.242, Florida Statutes, is amended to
444 read:

445 377.242 Permits for drilling or exploring and extracting
446 through well holes or by other means.—The department is vested
447 with the power and authority:

448 (1) (a) To issue permits for the drilling for, exploring
449 for, or production of oil, gas, or other petroleum products
450 which are to be extracted from below the surface of the land,
451 including submerged land, only through the well hole drilled for
452 oil, gas, and other petroleum products.

453 1. No structure intended for the drilling for, or
454 production of, oil, gas, or other petroleum products may be
455 permitted or constructed on any submerged land within any bay or
456 estuary.

457 2. No structure intended for the drilling for, or
458 production of, oil, gas, or other petroleum products may be
459 permitted or constructed within 1 mile seaward of the coastline
460 of the state.

461 3. No structure intended for the drilling for, or
462 production of, oil, gas, or other petroleum products may be
463 permitted or constructed within 1 mile of the seaward boundary
464 of any state, local, or federal park or aquatic or wildlife

26-01823A-10

20102622__

465 preserve or on the surface of a freshwater lake, river, or
466 stream.

467 4. No structure intended for the drilling for, or
468 production of, oil, gas, or other petroleum products may be
469 permitted or constructed within 1 mile inland from the shoreline
470 of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary
471 or within 1 mile of any freshwater lake, river, or stream unless
472 the department is satisfied that the natural resources of such
473 bodies of water and shore areas of the state will be adequately
474 protected in the event of accident or blowout.

475 ~~5. Without exception, after July 1, 1989, no structure~~
476 ~~intended for the drilling for, or production of, oil, gas, or~~
477 ~~other petroleum products may be permitted or constructed south~~
478 ~~of 26°00'00" north latitude off Florida's west coast and south~~
479 ~~of 27°00'00" north latitude off Florida's east coast, within the~~
480 ~~boundaries of Florida's territorial seas as defined in 43 U.S.C.~~
481 ~~s. 1301. After July 31, 1990, no structure intended for the~~
482 ~~drilling for, or production of, oil, gas, or other petroleum~~
483 ~~products may be permitted or constructed north of 26°00'00"~~
484 ~~north latitude off Florida's west coast to the western boundary~~
485 ~~of the state bordering Alabama as set forth in s. 1, Art. II of~~
486 ~~the State Constitution, or located north of 27°00'00" north~~
487 ~~latitude off Florida's east coast to the northern boundary of~~
488 ~~the state bordering Georgia as set forth in s. 1, Art. II of the~~
489 ~~State Constitution, within the boundaries of Florida's~~
490 ~~territorial seas as defined in 43 U.S.C. s. 1301.~~

491 (b) Subparagraphs (a)1. and 4. do not apply to permitting
492 or construction of structures intended for the drilling for, or
493 production of, oil, gas, or other petroleum products pursuant to

26-01823A-10

20102622

494 an oil, gas, or mineral lease of such lands by the state under
495 which lease any valid drilling permits are in effect on the
496 effective date of this act. In the event that such permits
497 contain conditions or stipulations, such conditions and
498 stipulations shall govern and supersede subparagraphs (a)1. and
499 4.

500 (c) The prohibitions of subparagraphs (a)1.-4. in this
501 subsection do not include "infield gathering lines," or other
502 pipelines for the purpose of transporting offshore production on
503 shore, provided no other placement is reasonably available and
504 all other required permits have been obtained.

505 (d) Subparagraphs (a)1.-3. do not apply to the permitting
506 or construction of offshore structures intended for the
507 exploration or production of oil, gas, or other petroleum
508 products where any structure or equipment above the surface of
509 the water is more than 3 miles seaward from the line of mean
510 high tide.

511 (2) To issue permits to explore for and extract minerals
512 which are subject to extraction from the land by means other
513 than through a well hole.

514 (3) To issue permits to construct wells for the injection
515 and recovery of any natural gas for temporary storage in
516 subsurface reservoirs.

517
518 Each permit shall contain an agreement by the permitholder that
519 the permitholder will not prevent inspection by division
520 personnel at any time. ~~The provisions of this section~~
521 ~~prohibiting permits for drilling or exploring for oil in coastal~~
522 ~~waters do not apply to any leases entered into before June 7,~~

26-01823A-10

20102622

523 ~~1991.~~

524 Section 7. Subsection (1) of section 377.2425, Florida
525 Statutes, is amended to read:

526 377.2425 Manner of providing security for geophysical
527 exploration, drilling, and production.—

528 (1) Prior to granting a permit to conduct geophysical
529 operations; drilling of exploratory, injection, or production
530 wells; producing oil and gas from a wellhead; or transporting
531 oil and gas through a field-gathering system, the department
532 shall require the applicant or operator to provide surety that
533 these operations will be conducted in a safe and environmentally
534 compatible manner.

535 (a) The applicant for a drilling, production, or injection
536 well permit or a geophysical permit may provide the following
537 types of surety to the department for this purpose:

538 1. A deposit of cash or other securities made payable to
539 the Minerals Trust Fund. Such cash or securities so deposited
540 shall be held at interest by the Chief Financial Officer to
541 satisfy safety and environmental performance provisions of this
542 chapter. The interest shall be credited to the Minerals Trust
543 Fund. Such cash or other securities shall be released by the
544 Chief Financial Officer upon request of the applicant and
545 certification by the department that all safety and
546 environmental performance provisions established by the
547 department for permitted activities have been fulfilled.

548 2. A bond of a surety company authorized to do business in
549 the state in an amount as provided by rule.

550 3. A surety in the form of an irrevocable letter of credit
551 in an amount as provided by rule guaranteed by an acceptable

26-01823A-10

20102622

552 financial institution.

553 (b) An applicant for a drilling, production, or injection
554 well permit, or a permittee who intends to continue
555 participating in long-term production activities of such wells,
556 has the option to provide surety to the department by paying an
557 annual fee to the Minerals Trust Fund. For an applicant or
558 permittee choosing this option the following shall apply:

559 1. For the first year, or part of a year, of a drilling,
560 production, or injection well permit, or change of operator, the
561 fee is \$4,000 per permitted well.

562 2. For each subsequent year, or part of a year, the fee is
563 \$1,500 per permitted well.

564 3. The maximum fee that an applicant or permittee may be
565 required to pay into the trust fund is \$30,000 per calendar
566 year, regardless of the number of permits applied for or in
567 effect.

568 4. The fees set forth in subparagraphs 1., 2., and 3. shall
569 be reviewed by the department on a biennial basis and adjusted
570 for the cost of inflation. The department shall establish by
571 rule a suitable index for implementing such fee revisions.

572 (c) This subsection does not apply to an applicant for a
573 drilling or operating permit for operations planned in coastal
574 waters ~~that by their nature warrant greater surety shall provide~~
575 ~~surety only in accordance with paragraph (a), or similar proof~~
576 ~~of financial responsibility other than as provided in paragraph~~
577 ~~(b). For all such applications, including applications pending~~
578 ~~at the effective date of this act and notwithstanding the~~
579 ~~provisions of paragraph (b), the Governor and Cabinet in their~~
580 ~~capacity as the Administration Commission, at the recommendation~~

26-01823A-10

20102622__

581 ~~of the Department of Environmental Protection, shall set a~~
582 ~~reasonable amount of surety required under this subsection. The~~
583 ~~surety amount shall be based on the projected cleanup costs and~~
584 ~~natural resources damages resulting from a maximum oil spill and~~
585 ~~adverse hydrographic and atmospheric conditions that would tend~~
586 ~~to transport the oil into environmentally sensitive areas, as~~
587 ~~determined by the Department of Environmental Protection.~~

588 Section 8. This act shall take effect July 1, 2010.